

House Speaker John Boehner  
H-232 US Capitol  
Washington, DC 20515

Democratic Leader Nancy Pelosi  
H-204 US Capitol  
Washington, DC 20515

May 23, 2013

## **Oppose H.R.1911: Student debt levels will increase**

Dear Speaker Boehner and Democratic Leader Pelosi,

Unless Congress takes action, the interest rate on subsidized Stafford student loans will double on July 1 from 3.4 percent to 6.8 percent, increasing college costs for over 7 million students, by \$1,000 per student, per loan.

However, H.R. 1911 changes the way in which we set student loan rates, but does not actually keep costs low for students. **As such, the undersigned coalition of student and youth organizations opposes this bill, which would result in an increase in student debt of close to \$4 billion over what borrowers would pay under current law.** Allowing the Subsidized Stafford student loan rate to double to 6.8% would cost a borrower almost \$4,000 more over 10 years than if the 3.4% rate were extended; H.R. 1911 would cost \$5,000 more. Rates on all loans taken out by a student next year will have soared beyond the current 6.8% fixed rate to 7.4% by the time the student is in repayment.

The proposal includes a cap on interest rates, which in a variable rate system is especially important to indicate to borrowers that their loans will never be overly burdensome in repayment. However, to be meaningful, caps must be low enough to actually control loan costs in high interest rate environments. Compared to the current fixed rates that borrowers are guaranteed under current law, the caps in H.R.1911 will not provide protection or relief for the neediest students and families who continue to struggle paying for college.

Finally, we are deeply concerned that this plan permanently incorporates significant revenues generated from student loan borrowers into a system that does not funnel this money back into education. Federal student loans are a public good, so there is no justification for charging students high interest to generate revenue. That H.R. 1911 skims \$3.7 billion in revenue from the program to apply toward deficit reduction adds insult to injury. We should not continue to cut access to address the nation's deficit; we should instead be investing in our country's future workforce.

We look forward to continuing to work with federal lawmakers to craft a reasonable, comprehensive solution—one that keeps interest rates low—for student loan borrowers before July 1. If this is impossible, we urge lawmakers to extend the current rates for subsidized Stafford student loan borrowers for another two years.

Sincerely,

All Education Matters

Asian Pacific American Labor Alliance/Institute for Asian Pacific American Leadership and Advancement

Campus Progress Action

Demos

Generational Alliance

Minnesota State University Student Association

One Wisconsin Now

Our Time

Progress Now

Rock the Vote

Student Debt Crisis

Suburban Millennial Institute

United States Public Interest Research Group

United States Student Association

Working Families

Young Democrats of America

Young Invincibles